

# Trustees 2012



**A charity is about raising money but it's also a business. I'm glad to be using my commercial savvy in this way**

Philip French, trustee, the Karen Woo Foundation, *page 3*



Stewart Lee: 'As a trustee there is a huge amount of relevant vocational experience that you are exposed to' Joel Redman

## Introduction

### Opportunities for all

Next month the Charity Commission is running its annual National Trustees' Week (5-11 November), highlighting the opportunities for people to become trustees and so bring fresh blood to tired boards, whose seats tend to be occupied by white men in their late 50s.

This supplement looks at what voluntary groups are doing to help rebalance their boards to attract more women and people from a black minority ethnic (BME) background. The Charity Commission says creating a diverse board gives increased accountability for a charity's actions and helps to assure the public that an organisation is fair and open. But are cultural differences one factor behind the reluctance of some BME groups to get on board?

Just 0.5% of trustees are aged 18-24 and 2% are under 30. We talk to some trustees who have bucked the trend and explain how the role has helped them learn new skills and boosted their careers.

Elsewhere in this supplement we look at the professional and managerial development advantages of being a trustee and what benefits the role can bring to the workplace. And if you do decide to be a trustee, what training and support can you expect from your charity, especially if it is small organisation?

Small voluntary organisations with an annual income of between £10,000 and £25,000 account for around half of the sector. In an increasingly competitive market and with little cash to spend on finding trustees, we reveal the novel recruitment methods some of them are turning to, including creating their own kind of "speed dating" to try to match potential trustees with prospective charities.

This summer, a government review suggested paying trustees for their time might help recruitment and encourage diversity as well as attract professionals who would otherwise not have the time to sit on a board.

We consider whether introducing routine payment for trustees of large charities with an annual income of more than £1m would help find candidates with much needed financial and business skills. Or would offering payment destroy the underlining ethos of volunteering and create more costly bureaucracy for organisations at a time when they have to make every penny count?

**Debbie Andalo**

## Inside

### 02 Remuneration

Should trustees receive payment for their work, as a government review into charities suggested?

### 03 Diversity

Charities are recruiting trustees from a range of backgrounds that better reflect their communities; plus, why working for a smaller charity offers its own advantages.

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# Charities look to fill their skills gap

It can be hard for the third sector to recruit trustees, but these roles are a great way to make a contribution to society and gain valuable professional skills, says **Debbie Andalo**

**N**early half of UK charities find it difficult to recruit trustees and a third admit they rely on word of mouth to fill vacancies. It's also not unusual for the same trustees to be recycled between organisations.

But this could be about to change. Unemployed graduates and other young people stuck in low-level jobs are turning to trusteeship to develop their skills and increase their chances in the jobs market. "It gives young people a sense of purpose and it's also a way of developing the skills they might have gained if they had been in a more demanding job," says Sarah Hodgkinson, chief executive of the charity Getting on Board, which helps companies and professional organisations understand the benefits of trusteeship and other board-level volunteering opportunities for them and their staff.

There is also anecdotal evidence that people who have been made redundant are becoming trustees to fill their time and gaps in their CV. And it is still common practice for those in work looking for senior management experience to become trustees.

"Trusteeship is a particular kind of volunteering - it gives you a level of experience you wouldn't get in your day job or in other forms of volunteering," says Neal Green, a senior policy adviser at the Charity Commission with an interest in trusteeship. "You are dealing with change management, strategic planning, you may be the figurehead of an organisation - you are getting all this training and development free of charge. The payback is that you can then put all these things on your

CV. The benefit to [private sector] employers is that they are getting all these skills back in their organisation without spending a penny on training and development. What companies may sacrifice in terms of employee time they get back in investment and skills."

It's a view shared by Hodgkinson: "I used to run management development courses, and from an HR perspective being a trustee is a really good way of developing leadership skills and it's cost effective. If you go on a change management course you discuss leadership theories in a conceptual way, but if you are on a board you hold the lesson in your heart. It's an incredible leadership opportunity and employers agree."

### Difficult decisions

Stewart Lee, a web officer with the social change organisation the Joseph Rowntree Foundation, is a trustee for the Neuro Foundation, which aims to improve the lives of people with neurofibromatosis, a genetic disorder which causes tumours to grow on nerve tissue. Lee, 27, who lives in Leeds and has neurofibromatosis, joined the board of the charity last year with the intention of improving its digital communication. He says: "I think as a trustee there is a huge amount of relevant vocational experience that you are exposed to. Our charity had to endure a host of difficult decisions in the current financial climate and the strategic experience I gained guiding the charity through that rough storm has been invaluable."

Experience of fundraising and marketing are emerging as key trustee skills that charities are seeking. But financial and business acumen are still the abilities boards say they need most and have

greatest difficulty filling. "Financial and business planning skills are obviously in demand even more now because of the recession. The financial thing is always there at the top," says Green.

Elizabeth Chamberlain, policy officer at the National Council for Voluntary Organisations (NCVO), says treasurer posts are often difficult to fill. "One of the things that organisations always bring up is the difficulty of finding highly skilled trustees. People with financial knowledge, a commercial or business background are going to be useful to a charity, particularly on the board."

The skills that a trustee can bring to a charity are especially important for smaller organisations that cannot afford professional staff. "More than half of the sector doesn't even have enough money to employ a cleaner, so the only place they can bring in expertise is via the board," Green says.

Lack of time is cited by most people as the main reason why they are reluctant to become a trustee. Traditionally trustees can be expected to devote at least a couple of days a month to their charity, but it can vary depending on what other responsibilities they take on. It's an issue charities need to address, especially if they want to create more diverse boards. "The barriers to trusteeship tend to be the practi-

**'Trusteeship gives you a level of experience you wouldn't get in your day job or in other forms of volunteering'**

cal ones, such as people not getting time off work to go to board meetings, which means trustees tend to be either retired or work part-time," says Chamberlain.

Fear of financial liability can be another barrier for would-be trustees, but this is more of a problem of perception than a real threat. According to the Charity Commission and the NCVO there are very few cases where trustees have been held financially liable.

The introduction of the Charitable Incorporated Organisation status for voluntary organisations, scheduled to be brought in later this year, is expected to further reduce trustee financial liability. "I think you have to put liability into perspective. There are steps that charities can take, such as insurance. It's all about understanding, and then managing, risk," says Green.

The importance of trustees was acknowledged in July in the government's review of the Charities Act 2006 carried out by Lord Hodgson. His report made a string of recommendations to increase trustee recruitment, including paying trustees and promoting trusteeship in schools and universities and through programmes such as the Duke of Edinburgh's Award. New guidance for employers, which spells out the benefits of trusteeship, and limiting a trusteeship to a maximum three years to provide more opportunities for newcomers, were also suggested.

But one of the simplest suggestions for encouraging recruitment comes from the NCVO: capitalising on the positive events of this summer. Chamberlain says: "Two hundred thousand people applied to volunteer for the London Olympics - that is incredible. I don't think that has ever happened before and it's something we should be looking to build on now."



Trustees 2012 Remuneration

The trustee question: to pay or not to pay

Should larger charities have the right to remunerate board members for their work, as suggested by a government review earlier this year, or would that undermine the 'defining feature' of charity work? **Liza Ramrayka** reports

Most of the 1 million charity trustees in England and Wales are unpaid volunteers, giving their time and expertise free of charge. In return, many are offered expenses such as travel or childcare costs. In some cases, trustees may receive payment for providing one-off professional advice or support to their charity. Occasionally – and controversially – trustees are paid for simply fulfilling the duties of their role. This is allowed by the Charity Commission on a case-by-case basis.

The issue was back in the spotlight in July after a government-commissioned review recommended charities with an annual income of more than £1m should have the right to pay their trustees without seeking permission from the Charity Commission. The move, the report suggested, would boost trustee recruitment and help create more diverse boards.

Lord Hodgson, in his review of the Charities Act 2006, acknowledges this is “a hugely divisive issue in the charity sector”. But he argues that large charities could pay their trustees, provided there is clear disclosure of remuneration in the charities’ individual annual returns to the Charity Commission.

The recommendation has polarised the sector. The Association of Chief Executives of Voluntary Organisations, which represents many larger, service-providing charities, has welcomed the move. But a group of seven sector bodies, including the National Council for Voluntary Organisations, the Institute of Fundraising and Volunteering England, oppose such a change. In a letter to civil society

minister Nick Hurd, they claim payment goes against charities’ “defining feature” of voluntary trusteeship and is unjustifiable at a time of financial pressures.

Of course, spending money on remunerating trustees means less cash is available to spend on charitable activities. There is also the risk that smaller charities may struggle to recruit trustees if larger organisations can offer payment.

Many of those opposed to paying trustees believe it fundamentally undermines the voluntary principle of trusteeship, which is important to uphold public confidence and trust in charities.

Volunteering website ivo.org polled its members on Hodgson’s recommendation and found 67% were opposed. Research commissioned by the Hodgson review found 61% of the public feels trustees should be paid only expenses. However, 47% of 18- to 24-year-olds said trustees should be paid, as did half of black and minority ethnic respondents. Two-thirds thought payment would encourage a wider range of people to consider trusteeship.

Peter Todd is a director/trustee at Headway Milton Keynes, a charity for people with acquired brain injuries, chairman of a parish council and vice chair of governors of a maintained middle school. As a solicitor who represents people with brain injury in compensation claims, Todd brings his organisational and financial skills to his charity roles. “I have never been paid for anything or claimed any expenses. I appreciate there is a danger some people might be put off becoming a trustee if there is a culture of not claiming remuneration or expenses. But I haven’t found the charities I have been involved with have struggled to get trustees to the extent that they needed to offer allowances as an incentive.”



The RNIB paid the chair of its board of trustees £24,000 last year Alamy

Those opposed to paying trustees believe it undermines the voluntary principle of trusteeship

Governance consultant Anne Moynihan warns against adopting “piecemeal corporate sector practices”. She says: “In the corporate sector they have shareholders who supposedly hold the board to account, while in our sector voluntary boards are part of the checks and balance we have in place. If our board members are paid ... who will be responsible for holding them to account?”

Those in favour of trustee payment argue that it can help improve board

diversity, attract highly skilled professionals and those who cannot afford to take the role unpaid. The public sector has led the way with payments to board members in housing associations and NHS trusts. Some large charities have followed suit, such as the RNIB, which paid its chair Kevin Carey £24,000 last year for his three-day-a-week role.

Attracting talent

Jane Slowey is chief executive of The Foyer Federation and chair of SkillsThird Sector and receives no direct payment, but SkillsThird Sector pays her employer £8,000 a year for her contribution. She says: “I’m paid for my largely ambassadorial role and there’s an annual review. It has worked for us and my organisation gets something from it too.”

The Charity Commission says it receives about 10 enquiries a year into paying trustees and these come from large charities, housing associations, universities and local churches. Reasons given include wanting to attract suitably qualified individuals, additional duties required of a particular post and a desire to increase board diversity.

But there is little evidence paying trustees improves recruitment or retention. A 2007 study of US non-profit organisations published by Urban Institute found no indication that compensating trustees promoted higher levels of board engagement, encouraged greater board diversity or attracted candidates with specialist expertise. And with half of UK registered charities having an annual income of below £10,000, most cannot afford to pay their trustees. Whatever the government’s response to the Hodgson review, it is an issue that will continue to divide opinion in the sector.

Trustees 2012 Diversity

Dividends of a diverse board

Charities are being urged to recruit more women, young people and ethnic minority candidates to better reflect their communities

Linda Jackson

As a teenager, Helen Saxton used to enjoy hanging out with her friends every weekend in a park in the heart of Lincolnshire. They would spend hours chatting, swapping stories and catching up with the gossip.

But all that changed when one of her close friends, a park regular, killed himself after suffering in silence from depression. It was a tragedy that shocked the community and had a lasting impact on Saxton.

It was this experience that inspired Saxton, now aged 30, to become a trustee two years ago for Gofal, a mental health charity in Wales that supports people with a range of problems.

Giving up her time to volunteer when she already has a stressful full-time job as an accountant makes Saxton unusual. But as a young female trustee she is a rarity in the charitable sector. Research by the Charity Commission shows the average trustee is a white 57-year-old male, and just 0.5% of trustees are aged 18-24 and 2% aged under 30.

For Saxton, becoming a trustee was a chance to “give something back to society”. She says: “I chose Gofal because of my experience of having a close friend commit suicide. There is also a lot of stress-related illness in my profession – and I firmly believe in the charity’s work.”

Creative recruitment

For the last two and a half years she has been working alongside two other women on the eight-strong board, which is responsible for making decisions about the charity’s direction and activity.

Having such a diverse board is welcomed by the Charity Commission, which launched a drive to recruit trustees from a wider range of backgrounds as part of last year’s National Trustees’ Week. Alarmed by the findings of its research, the Commission urged charities to think more creatively about recruitment rather than draw on existing volunteers or use word of mouth or personal contacts.

It is too early to say whether the commission’s campaign has paid off. The issue was raised again this year when a separate study, published by Women Count, showed that of the top 100 charities by income, four had no women on their boards and only 17% had female chairs.

Furthermore, it is not just women that the Charity Commission wants charities to recruit. Commissioners say a diverse board that includes young people and those from minority backgrounds gives increased accountability for a charity’s actions and greater assurance that the organisation is fair in all its dealings.

But it is not just the charities that benefit. Young people in particular can gain a variety of skills that they would otherwise not necessarily acquire during the early stages of their career.



Underrepresented: Helen Saxton is one of two women on an eight-strong board; according to a recent study, only 17% of charities have a female chair Stephen Shepherd

promotes support and day care for elderly Asians in the north London borough.

Ahmed, who spent half his life in India before moving to the UK, became a trustee two years ago when he retired as a data manager for Tesco. He says part of the problem is “there is no cultural precedent for ethnic communities to participate”.

Ahmed says: “In the UK there is a

greater spirit for volunteering – there is not the same drive in India. There is still the feeling that the community will look after you. I think people from different ethnic minorities will get more involved, because it is already happening in the workforce.”

The Charity Commission does not keep statistics on trustees from black and

minority ethnic groups, but says it knows anecdotally they are under-represented on charities’ boards.

“It is not just a question of getting more young people involved but getting charities to be more open-minded,” says Sarah Miller, head of press and public affairs at the Charity Commission. “That will take time.”

Training A chance to gain skills and confidence

First-time trustees can find the job a demanding role and need to learn a range of useful new skills. Training can help with this, but there is no one-size-fits-all template for trustee induction.

However, trustees must be aware of the legal requirements and induction should cover what Neal Green, senior policy adviser at the Charity Commission, calls “the essentials”. These include the governing document, finance, a role description and a basic introduction to trusteeship such as the commission’s guide, The Essential Trustee.

Green says trustee training does not have to be monitored or accredited, but additional formal training can come from accountancy and governance advisers who specialise in charities. Desirable skills for trustees are also set out in



Charities should regularly assess board members’ training needs Hannah Edwards

the national occupational standards, published by SkillsThird Sector. The standards can be used in conjunction with the voluntary code on good governance, which is available from the National Council for Voluntary Organisations.

Skills development does not end with induction and both trustees and their charities should regularly assess training needs, says Colin Nee, a trustee for a large art foundation, who has also worked as a chief executive in the charity sector for 20 years.

Nee says: “[Charities] should offer ongoing training and possibly a mentor from the board. The right support for a new trustee can make the difference between a board being effective or floundering.”

Stephanie Sparrow

Is your governance fit for purpose?

Grant Thornton has joined forces with the Guardian to create a forum for Non-Executive Directors of Not for Profit organisations called NFP Interchange. Our first event will be debating how Non-Executive Directors can learn from each other’s failures and successes both within the not for profit arena and beyond to ensure that they are as prepared as possible to lead the organisations they serve.

Panellists will be:

**Lynne Berry OBE**, Deputy Chair of the Canal and River Trust and is currently developing programmes at Cass Business School to support women aspiring to become NED’s in all sectors.

**David Orr**, CEO of the National Housing Federation.

**David Rhind**, Chair of the Bank of England Pension Trustees, Chair of Portsmouth Hospitals NHS Trust Board and Deputy Chair of the UK Statistics Authority.

**Malcolm Gillies**, Vice Chancellor of London Metropolitan University and Chair of the advocacy body for London’s Universities, London Higher.



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We invite you to come and listen to real life experiences from our panel followed by a Question Time style debate.

Places will be limited so please register your interest at the following link: [www.grant-thornton.co.uk/NFPInterchange](http://www.grant-thornton.co.uk/NFPInterchange)

'I wanted to give my time to my own community'

Small charities can provide trustees with a chance to see rapid results and enjoy a closer relationship with the organisation and its work

Stephanie Sparrow

Small charities are many and varied. The National Council for Voluntary Organisations (NCVO) estimates that of the 162,000 registered charities in England and Wales, at least 138,000 are small organisations with an annual income which can range from less than £10,000 up to £100,000. In addition the New Economics Foundation says there could be another 600,000 unregistered voluntary organisations whose annual income is less than £5,000. “People are often surprised how diverse small charities and their activities can be, but this means there are plenty of opportunities to find a role to which they want to contribute,” says John Barrett, services manager at the Small Charities Coalition.



Philip French was inspired to become a trustee after a close friend was killed

Charities have to juggle targeted recruitment that reflects the guidance set out in their governing documents – as advised by the NCVO – with casting their net wide to ensure a well-balanced board.

Carrie Deacon, a governance consultant for the NCVO, says many small charities rely on social media to advertise for trustees as well as volunteer centres and resources such as the recruitment website Trustee Bank. At the same time the Small Charities Coalition has organised speed-dating-style events – consisting of 15-minute conversations – for potential trustees and charities. “These are a fun, novel way of introducing people to the world of trusteeship,” says Barrett.

Trustees are motivated by wanting to use their skills to benefit others, according to Robert Beard, policy officer at the

‘People are often surprised how diverse small charities can be – this means there are lots of opportunities’

National Association for Voluntary and Community Action. Beard, a trustee of a local theatre, says: “I wanted to give my time and experience to something related to my own community.”

Trustees of small organisations, who may have to take on multiple roles, will quickly see the effect of their contribution, which Deacon says has other advantages: “It can mean you may be more connected to the work you are doing.”

A personal connection motivated Philip French to become an honorary secretary and a trustee with the grant-making Karen Woo Foundation, set up in memory of Dr Karen Woo who was killed on a medical mission to Afghanistan in 2010. He says: “Karen was a friend, and I was working on a big fundraiser [for her work in Afghanistan] when the tragedy happened and we established the charity.”

Aside from the commitment to a late friend, French, a qualified chartered surveyor, is proud that his trusteeship draws on learning from his professional life. He says: “A charity is about raising money but it’s also a business. I’m glad to be using my commercial savvy and attention to detail in this way. I have given myself something which I have real enthusiasm for.”